

# Maximizing compensation for public academic medical librarians: Retirement plan benefits in the SEA/NNLM compared to other NNLM regions

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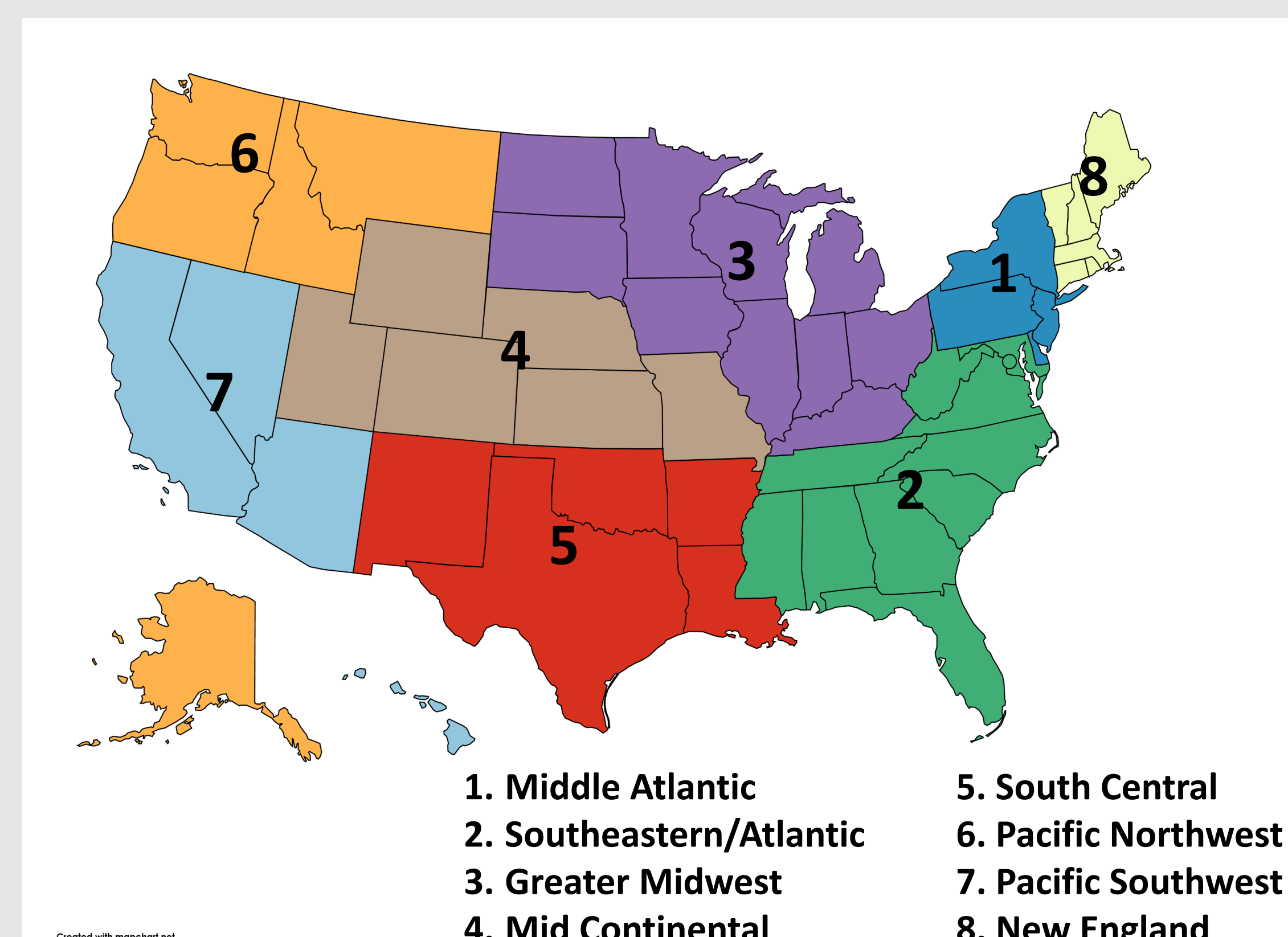
## Objective:

Full-time academic medical librarians at public institutions are typically provided with an employer-sponsored retirement plan, a vital benefit to ensure long-term financial stability, particularly as COVID-19 restricts salary raises. Most of these librarians are classified as either faculty or exempt staff. One retirement option is the Optional Retirement Plan (ORP), a defined contribution plan where the employer and often the employee contribute. This study assesses whether public academic institutions in the Southeastern Atlantic Region of the National Network of Libraries of Medicine (SEA/NNLM) provide equivalent ORP benefits compared to peer institutions in other regions of the country.

## Methods:

States were split into eight geographic groupings, based on established NNLM Regional Medical Library regions.

Map of NNLM Regions



Researchers gathered pertinent data on each public academic system or institution; information was only obtained for plans that a new employee could enroll in. Because some institutions' contributions are based on age and/or salary, this study uses a 35 yr. old individual earning \$60,000 annually. Lack of publicly available data prevented researchers from considering private institutions.

## Results:

Nationally, 47 states plus the District of Columbia offer ORP style plans. Employer contributions averaged 9.13% and required employee contributions averaged 6.17% across all regions. All public academic institutions in the SEA/NNLM offer ORP plans. In the SEA/NNLM, the 95% confidence interval falls between 6.04% and 9.22% for employer contributions and 3.22% to 6.59% for employee contributions. The average employer contribution in the SEA/NNLM is 7.63%.

Average Contribution Rates by NNLM Region

NNLM Regions	Employer Average	Employee Average
Greater Midwest	9.197%	5.755%
Mid Atlantic	9.000%	4.750%
Mid Continental	10.578%	4.509%
New England	8.420%	5.920%
Pacific Northwest	9.342%	6.703%
Pacific Southwest	10.083%	9.750%
South Central	8.790%	7.070%
Southeastern	7.634%	4.909%
National Average	9.131%	6.171%

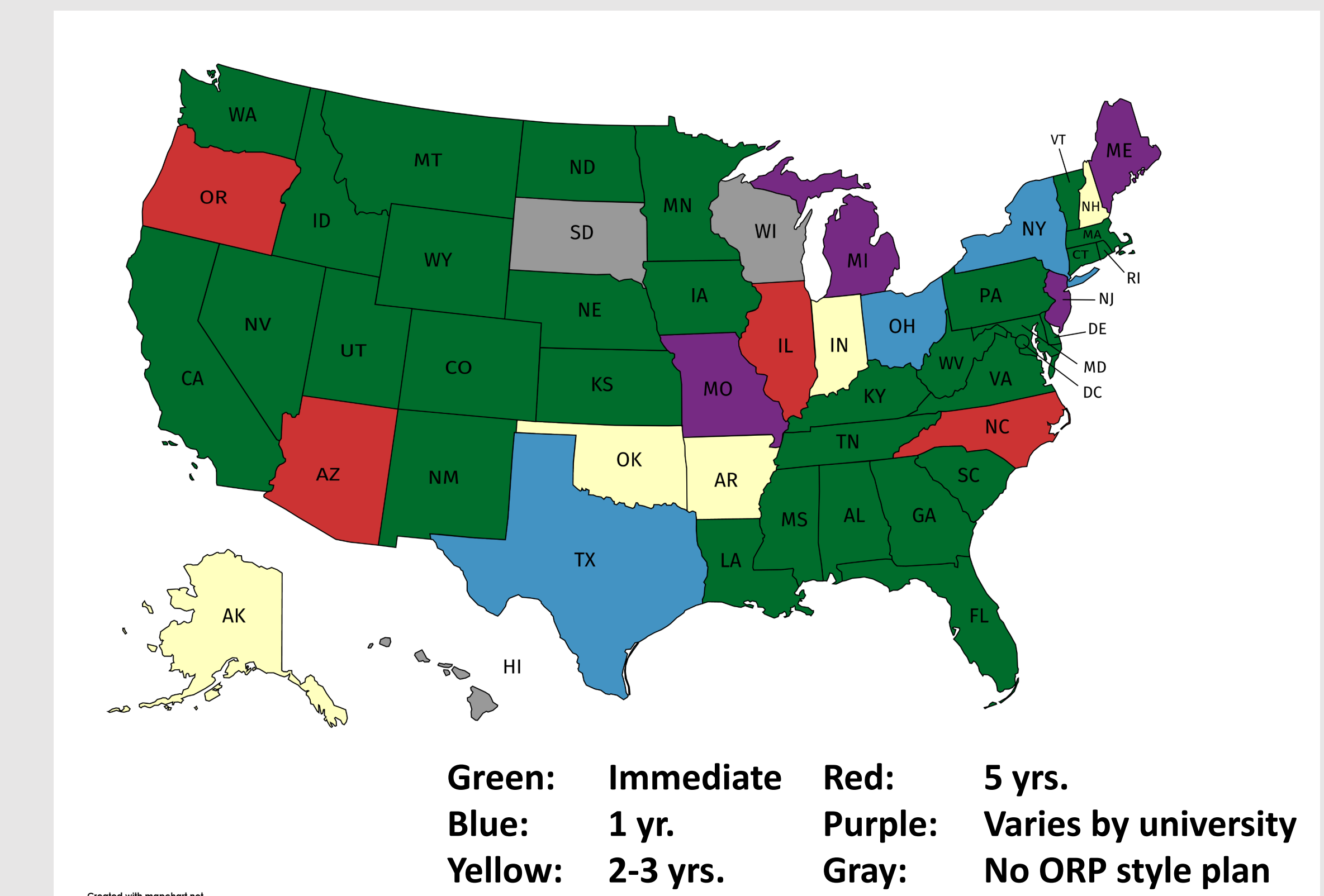
Nationally, employer contributions ranged from 5% to 15.25% and required employee contributions ranged from 0% to 15.25%. While all states in the SEA/NNLM participate in FICA (Social Security), seven states in other regions do not participate. This influences the value of retirement plans for those states. While employees do not have to pay FICA tax, not participating deprives them of a benefit.

SEA/NNLM Region Contribution Rates

State/District	Employer	Employee
Alabama	5.000%	5.000%
District of Columbia	7.250%	0.000%
Florida	5.140%	3.000%
Georgia	9.240%	6.000%
Maryland	7.250%	0.000%
Mississippi	14.751%	9.000%
North Carolina	6.840%	6.000%
South Carolina	5.000%	9.000%
Tennessee	9.000%	5.000%
Virginia	8.500%	5.000%
West Virginia	6.000%	6.000%

Vesting periods varied by state as shown in the map below. Notably every state in the SEA/NNLM, aside from North Carolina, offered immediate vesting.

Map of Vesting Periods by State



## Conclusion:

As a region, the Southeast Atlantic (SEA/NNLM) ranks last in average employer contributions. Required employee contributions are also below the national average. Whether the ORP plan or a more traditional defined benefit plan is appropriate depends on numerous factors individual to the employee. The large number of states offering immediate vesting is a welcome development for a mobile workforce. ORP plans form an important component of an employee's total compensation, particularly with COVID-19 slowing pay increases. Individuals should carefully consider available retirement plans before accepting offers of employment.

## References:

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